

## **SELF-HELP GROUPS: THE RIGHT TOOL FOR POVERTY ALLEVIATION AND WOMEN EMPOWERMENT**

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### **Abstract:**

Poverty is almost a social misery, contaminated in an every socio-economic zone, spreaded itself among all over the deprived section of the population gradually. The concerned paper basically assessing the role of Self-help group approach in eradication of poverty, its successiveness in generating income and the impact of micro credit on the empowerment of the women members of the self-help groups. The study is primarily based on the field survey, conducted in four blocks of the Udham singh nagar district of Uttaranchal. This study takes into account the members of the self-help groups for better understanding the process through which they build up their income generating sources. To figure out the impact self-help groups in these directions a simple chi-square tests as well as the t-test have been used to rectify the changes that have been took place due to injection of group approach in the field of rural development. The results show that self-help groups promote awareness among the women members and provide sufficient opportunities to combat with poverty. Further the self-help groups have come out as a significant factor in generation of income and occupations of the members which also requires conditions like better disbursement of the micro credit to the members and these things should be taken care of for getting more active success in this area.

**Key Word: Self-help groups, poverty alleviation, income generation.**

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## **Introduction**

The experience of poverty and its impact is a special social phenomenon where every case of extreme deprivation always leads us to show the real magnitude of poverty. Poverty actually requires no definition, since everyone knows or recognizes who is actually poor. Poverty is itself reflecting on the face of the poor, which is a constant companion of the poor and its presence or rather the symbols of its presence, serve a number of purposes. Hunger and threat of famine are the most potent symbols of poverty. Poverty actually means of those who have nothing, people whose lives are in constant danger due to the lack of all basic resources that are required for their survival. In general, extreme poverty means extreme deprivation i.e. deprivation of all basic amenities of life. It is seen that along with the urbanization and modernization people met with different forms of poverty and every definitions related to poverty are also changes with the inclusion of new dimensions. Definitions of poverty and its impact on the socio-economic aspect of life can be referred to as the most viable question which needs to be addressed properly in different directions. Poverty is infecting everyone those who are already resides under the poverty line or those who are about to come under the grief of poverty. Therefore, it needs to be cured as soon as possible because it quickly spread its poisonous aspect in all over the parts of the society.

Removal of poverty is the main objective of planning in India since from the inception of planning periods and so; the poverty alleviation programmes have been given greatest importance in the field of economic development. For the removal of poverty, a direct anti-poverty scheme is required so that it can combat with all those factors which tend to increase the forces of poverty in the both rural and urban areas. But the process of poverty alleviation can be more sustainable when all the members of the family are involved. Therefore, reduction of poverty should be an important concern of the development countries in order to attain economic development and welfare of the people. For alleviating rural poverty and freeing the rural masses from the vicious circle of poverty, a direct implementation of anti-poverty scheme is urgently required for which credit has long been identified as one of the most crucial input for the upliftment of people.

The self-help group (SHG) approach is a new paradigm into the field of rural development which main objectives are to increase the well-being of the poor people, provide access to resources and credit, increase self-confidence, self-esteem and increase their creditability in all aspects of lives. Self-help group is a voluntary and self-managed group of women, belonging to similar socio-economic characteristics, who come together to promote savings among themselves. The poverty alleviation intervention of the SHG is in the form of undertaking economic programmes to provide employment, giving micro finance services to the poor so that they can get themselves acquainted with skills and occupational diversification. This new initiative was taken up by Swarnajayanti Gram Swarozgar Yojana, implemented in 1999, to organize the poor into Self-help group.

This paper attempts to explore the effectiveness of SHG in poverty reduction, particularly the assessment of strategies adopted by the members; the performance of SHG in income generation. The hypotheses that have been taken to fulfill the work are that the self-help groups have no impact on poverty alleviation. The paper is arranged as- in the next section the area of the study, data base, sample design and analytical tool of the study has been discussed, followed by impact of assessment of SHGs in the above mentioned directions through the chi-square and t-test technique and finally the conclusion.

#### **Area of the Study, Data Base, Sample Design and Analytical Tool of the Study**

The present study is conducted on the role of SHG for poverty alleviation. The area of study for the proposed research work is confined to the Udham Singh nagar district of Uttaranchal. The four blocks selected for study are namely; Rudrapur block, Sitarganj block, Narayanpur Block and Kashipur Block.

Both primary and secondary data were used for the study. The primary data are collected with the use of a set of structured schedule which were basically administered to the members of SHGs in selection basis. The secondary data will be collected from various reports of the government, NGOs, NABARD, DRDA, UCO Bank, documents of Self-help groups and other records of the banks and block level institutions. The data included information on fund size, group size, and volume of savings, occupational status and functions of the groups. The sample

for fulfilling the research work was collected through two stage stratified random sampling technique. In the first stage, the SHGs are selected on the basis of their grade. There are two grades that were given to the SHGs i.e. A and B. In the second stage, from each grade 20 SHGs were selected randomly from each development block. Then the samples were collected by the door to door survey of the official members of the SHGs. So, the total 120 sample SHGs were selected.

In order to elicit relevant information from both primary and secondary data and to achieve above stated objectives, the present study used descriptive statistical tool like averages, percentages, chi-square ( $\chi^2$ ) test and t-test to draw policy relevant conclusions.

### **Impact of Self-help Groups on poverty, income generation and occupation.**

#### **Incidence of poverty among the members**

The analysis of the incidence of poverty provides a relevant picture on to what extent poverty lies amongst the poor women .Because only through analyzing the incidence of poverty, successiveness of a group approach can be measured. Therefore, to carried out this study the average annual per capita incomes of the women members are categorized into three income earning categories. The following table shows the incidence of poverty of the women members of the sample SHGs.

Table 1:- Distribution of members, according to their income earning status (in percentage)

Income status	Percentage of SHGs		Total
	A Grade	B Grade	
Extremely poor (Annual income less than Rs.3000)	30	53.33	41.67
BPL(Rs.3000-Rs.5000)	41.67	31.67	36.67
APL(Annual income above Rs.5000)	28.33	15	21.66
Total	100.00	100.00	100.00

Table 1 shows that prior to the formulation of SHGs, a significant portion of population in falls under below poverty line category. In 78.34 percent (%) of SHGs, members are earning less than Rs.5000 which clearly indicates that they are falling under below poverty line category and 21.66 percent of SHGs, members are falling under above poverty line income category.

### Area of Activities of the members of the sample SHGs

Table 2 shows the total and grade-wise distribution of activities among the members of the sample SHGs.

Table 2:- Distribution of activities among the members of the sample SHGs (in percentage).

Activity	Percentage of SHGs		Total	$\chi^2$ Values		
	A Grade	B Grade		A Grade	B Grade	Total
Agriculture	10	11.66	10.83	2.00	2.79	5.19
Animal Husbandry	70	61.66	65.83	114.81*	88.80*	205.43*
Weaving/ Handloom and Textile	13.33	15	14.16	3.73	4.80	9.06
Other Activities	6.66	11.66	9.16	0.799	2.79	3.66
Total	99.99	99.98	99.98			

Note: \*, \*\* and \*\*\* implies significant at 1 percent, 5 percent and 10 percent level of significance respectively.

Table 2 shows that in 65.83 percent of the total SHGs, members have engaged in animal husbandry. The animal husbandry practices basically include dairy, piggery firming, goatery, poultry, duckery, veterinary etc. The grade-wise distribution of activities also clearly shows that out of the total A grade SHGs (60), in 70 percent of SHGs, members take animal husbandry as their primary activity and in 61.66 percent of total B grade SHGs (60) the members are engaged in animal husbandry and in the rest of the SHGs, it has been observed that members are

disbursed among the activities like agriculture, weaving and handloom and textile and other activities.

The calculated values of chi-square ( $\chi^2$ ) are found as 114.81, 88.80 and 205.43 in case of adoption of animal husbandry as a main area of activity by the members of A grade, B grade and the total SHGs respectively which are highly significant in 41, 36 and 78 degrees of freedoms. Thus we can conclude that there is a significant preponderance among the members of the SHG to adopt animal husbandry as their main source of activity than the other activities.

### **Status of income generation in the sample SHGs.**

The distribution of average annual per capita income among the SHGs show that before formulation of SHGs, the average annual per capita income of the members in the region are seen as very low and most of them are falling under below poverty line category. But after the formulation of SHGs the incomes of the members have been increasing marginally.

To analyze the how the occupational structure of members have changed so far as an impact of micro credit facilities that are provided to the members of the SHGs, we have to analyze the distribution of past occupation among the SHG members before the formulation of SHGs and also their present occupations after the formulation of SHGs. The Table below shows how the members of the SHGs are distributed in various occupations before the formulation of SHG.

Table 3:- Distribution of past occupation among the members of sample SHGs before its formulation.

<b>Occupation</b>	<b>Number of SHGs</b>	<b>Percentage</b>	<b><math>\chi^2</math> value</b>
No occupation	22	18.33	34.65**
Agriculture	59	49.17	256.65*
Business	11	9.17	8.25
Daily Labour	17	14.17	20.4
Other	1	0.83	0

Agriculture/ Business	4	3.33	0.9
Agriculture/Daily labour	3	2.5	0.45
Agriculture/ Others	3	2.5	0.45
Business/ Others	0	0	0
Total	120	100.00	

Note: \*, \*\* and \*\*\* implies significant at 1 percent, 5 percent and 10 percent level of significance respectively.

Table 3 shows that in 49.17 percent of SHGs, the members of the SHGs were primarily engaged in agricultural activities before formulation. Whereas, the number of SHGs, where their members had no occupation till the SHG formulation was about 18.3 percent respectively. Among the other SHGs, in 24.17 percent of SHGs, members were doing activities like business, daily labourer and some other activities. Out of that, in about 14.17 percent SHGs, members were engaged as a daily labourer and in a few number of SHGs i.e. 8.33 percent of the total sample SHGs, members were took part in multiple occupations like agriculture and business, agriculture and other activities, agriculture and daily labour and business and other activities etc.

It is observed from the Table 5 that  $\chi^2$  ( $\chi^2= 256.65$  for 58 d.f.) of preponderance of members in the traditional agricultural sector is shown as significant at 1 percent level of significance which indicates that a significant portion of women members are engaged with agricultural sector before the formulation of SHGs. Another factor that has been observed from the analysis that the  $\chi^2$  ( $\chi^2= 34.65$  for 21 d.f.) of occurrence of members who have not engaged in any activity is shown as significant at 5 percent level of significance. Thus we can conclude that a major portion of the SHG members were either directly engaged with agriculture sector or not engaged with any occupation before formulation of SHG. Besides these, only a less no. of women members were engaged with activities like business, other allied activities and multiple occupations etc.

But after formulation of SHG, the occupational structure of the members in the sub-division has been changed. Table 4 shows the present occupational structure of SHG members after the formulation of SHG.

Table 4:- Distribution of present occupation among the members of the sample SHGs after formulating SHG.

<b>Occupation</b>	<b>Number of SHGs</b>	<b>Percentage</b>	<b><math>\chi^2</math> Value</b>
Agriculture	6	5	5.75
Dairy	7	5.83	8.05
Tailoring	0	0	0
Flower Vending	0	0	0
Cloth Business	8	6.67	10.73
Animal Husbandry	33	27.5	202.4*
others	4	3.33	2.3
Agriculture/ Dairy	4	3.33	2.3
Agriculture/Cloth Business	1	0.83	0
Agriculture/Animal Husbandry	5	4.17	3.833
Dairy/Cloth Business	2	1.67	0.383
Dairy/ Animal Husbandry	6	5	5.75
Dairy/ Others	1	0.83	0
Tailoring/Cloth Business	1	0.83	0
Cloth Business/Animal Husbandry	27	22.5	134.55*
Cloth Business/Others	2	1.67	0.383
Animal Husbandry/Others	4	3.33	2.3
Agriculture/Dairy/Others	2	1.67	0.383
Agriculture/Cloth Business/Animal	1	0.83	0



Husbandry			
Dairy/Cloth Business/Animal Husbandry	2	1.67	0.383
Tailoring/Cloth Business/Animal Husbandry	1	0.83	0
Cloth Business/Animal Husbandry/Others	2	1.67	0.383
Agriculture/Dairy/Cloth Business/ Animal Husbandry	1	0.83	0
Total	120	100.00	

Note: \*, \*\* and \*\*\* implies significant at 1 percent, 5 percent and 10 percent level of significance respectively.

It is observed from the Table 4 that after joining SHG, the members are motivated to engage with various occupations. It has been seen that the members of the sample SHGs undertakes various multiple occupations as their main source of self-employment after the formulation of SHG.

The calculated  $\chi^2$  ( $\chi^2= 202.4$  for 32 d.f. and  $\chi^2= 134.55$  for 26 d.f.) values for the participation of women members in the activities like animal husbandry and cloth business and animal husbandry (multiple occupation) are shown as greater than critical value of  $\chi^2$  at 1 percent level of significance. Thus we can draw a conclusion that most of women members choose animal husbandry and cloth business and the animal husbandry as their main key activity. In case of other areas of activities the calculated  $\chi^2$  value is shown as insignificant but as a whole the analysis reveals that participation of members in various multiple occupation are distributed according to their multiple choices.

Therefore, it is seen that a significant difference has been observed in case distribution of past and present occupational structure of the members before and after formulation of SHG.

## 5. Conclusion

The findings from the analysis provide evidence support to withdraw a conclusion in respect of the hypotheses that have taken up for carrying out the study. The entire observation shows that SHGs are functioning well in organizing the poor women section into a self-serviced economic forum. The formation of SHG can create opportunities for the poor people to participate into the various income earning activities for the women members in the region. Poverty is generally recognized as a consequence of unemployment and lack of availability of income earning sources. And SHG provides a motivation for the building up capabilities on the part of their members in the sample area through providing various income earning sources and shifting their occupational structure. In the  $\chi^2$  and t-test analysis on the assessment of SHG on poverty reduction also shows that formulation of SHG and enrolment of the members after the formulation of SHGs have come out as the significant factor of reducing incidence of poverty. In other words, it can be concluded that participation of members in this micro credit programme provides a significant impact towards the upliftment of the members from the grief of poverty in the study region.

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